

**Comments by
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**2007 Farm Bill Listening Session
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INTRODUCTION

Thank you, Secretary Johanns, for coming to Wisconsin to listen to ideas and concerns regarding the development of the 2007 Farm Bill. Wisconsin Farmers Union extends a warm welcome to you and members of your staff. We also wish to express our desire to be extended the opportunity to work with you and others in the development of new farm policy.

Wisconsin Farmers Union is a member-driven farm organization committed to enhancing the quality of life for family farmers, rural communities and all people through educational opportunities, cooperative endeavors and civic engagement. We have a rich history of commitment to advocating for the prosperity of family farms and rural communities. This year we are celebrating our 75th anniversary. We think it is important to remember that the support of individual producer incomes with an adequate safety net is vital in farm programs. Too many times what is reported as good for the "agricultural industry" and good for our nation's agribusinesses is not necessarily good for individual family farmers. We represent family farmers and will strive to protect their livelihood in today's changing agriculture. Let's not lose sight of the purpose of federal farm programs over the past 50 years which was to ensure the orderly marketing of commodities so that the American people had a safe and reliable supply of nutritious food and fiber while providing farmers with a fair return on their labor and their product. The programs have helped reduce hunger, improve the health of American families, and kept farmers on the land. We want the 2007 Farm Bill to ensure these goals.

FARM BILL COMPONENTS

The 2002 Farm Bill, with its components of direct and countercyclical payments, marketing loans and/or loan deficiency payments has brought dollars to our state. The countercyclical portion of the bill makes sense economically as payments decrease in times of higher commodity prices. It's imperative that a dairy component be included in the Farm Bill; one comparable to the current MILC Program. We ask that you do whatever you can to ensure the current MILC Program is extended to expire simultaneously with other 2002 Farm Bill commodity programs. As you know it is currently set to expire by October of this year. Dairy farmers deserve a safety net.

The Conservation Security Program offered a new direction with incentives for producers who use natural resources wisely, and offered the potential for rewarding producers who continue to produce instead of only retiring crop acres. However, the slow implementation

of CSP, the raiding of funding for emergency programs, plus the watershed approach to enrollment, have severely limited the success of that new innovative program.

We are negotiating the 2007 Farm Bill in an entirely different climate than the 2002 Farm Bill. We have gone from federal budget surpluses to very large deficits. We have gone from relatively high crop prices to much lower prices. Our balance of trade has weakened to the point that we have become a net importer of agricultural products. Our producers' cost of production has increased greatly with energy costs at record levels, transportation costs skyrocketing due to energy surcharges, interest rates forecast to continue to rise, land values are rising, as are many other operating costs. We have less options and considerably less baseline funding to work with than in the previous Bill.

Wisconsin Farmers Union supports payment limitations. We feel that targeting benefits to more producers is important. The concentration of large payments to a few producers is not the intent of farm programs. We support efforts to cap payments at lower levels and to eliminate the multiple entities and generic certificate loopholes in the 2002 Farm Bill.

We continue to support countercyclical payments as a safety net and means of controlling commodity program costs. We may, however, run the risk of having these ruled as trade distorting. If that occurs, producers will need an alternate source of income. If we continue to have marketing loans, loan rates should be higher to reflect increasing costs of production.

In the current debate, discussion has occurred to switch to a system of environmental and conservation payments rather than commodity-specific payments. This does have merit and farmers should be rewarded for good conservation practices and is similar to what the European Union is advocating. But we have to realize that it will not be possible to pay producers enough to replace the amount of income they have been receiving under the 2002 Farm Bill through the system of direct payments, countercyclical payments and marketing loans.

SOLUTIONS TO OVERPRODUCTION:

In most industries, some mechanism of inventory management is used to prevent oversupply – resulting in prices below the cost of production. The 2002 Farm Bill has allowed complete planting flexibility, resulting in no means to control the amount of production. Would any business continue to produce and produce regardless of price? One way of shielding producers from the low prices that we have created with overproduction is through marketing loans. History has also shown that we cannot rely on exports to clear all the inventory of commodities, unless we lower the price to below the cost of production. This hurts farmers' income.

The growing demand for renewable fuels may help with overproduction. We suggest all future Farm Bills encourage production of all types of renewable energy sources for fuels be it ethanol or biodiesel; for electricity be it wind, biogas digesters, biomass, or solar; and open up opportunities for new bioindustry products be it fiberglass from switch grass or whatever creative ideas loom on the horizon. Future Farm Bills should include increased mandate levels of renewable fuel blends and electricity from green sources. For example, in Wisconsin we are looking for ways to turn manure from a liability into an asset. We know

farmers can grow and harvest our future energy sources. We need USDA to help build these opportunities.

CONSERVATION PROGRAMS

The Conservation Reserve Program (CRP) has been a mixed blessing. While marginal and erodible land has been taken out of production, there are long-term effects on rural communities. While we have certainly improved wildlife habitat and related recreational opportunities, it has been at the expense of local agribusiness. We would support extending the CRP program providing the most environmentally sensitive land be given an opportunity; that there are incentives to aid beginning farmers in obtaining land leaving the CRP program; the new CRP payments be based on local rental rates.

The Conservation Security Program (CSP) has the potential to provide many similar benefits for environmental enhancements, but since it will be implemented on working lands, it will not degrade rural communities as the CRP program, which takes land out of production. The CSP must be fully funded in its original form, must be available to all producers who want to participate and qualify, and should be available nationwide, not only once in specified watershed areas.

Environmental Quality Incentive Program (EQIP) should be targeted toward family farmers. Pasture-based agriculture should be given equal consideration to Confined Animal Feeding Operations (CAFOs). CAFOs have the advantage of grants and other funding and must have practices in place prior to large expansions. Priority should be given to family farmers to provide financial assistance and cost-sharing for their manure management practices.

All other environmental incentives of the current farm bill need to be maintained and enhanced to improve land stewardship.

MANDATORY COUNTRY-OF-ORIGIN LABELING

For our producers in the livestock industry, we demand that country-of-origin labeling be implemented as it was passed in the 2002 Farm Bill. With our concerns of food safety today, this needs to be integrated with the mandatory animal identification system being developed. It is ludicrous to have a national animal identification system to track animals to individual U.S. farms without a means of identifying foreign meat products at the retail counter. Mandatory labeling is overwhelmingly sought by both consumers and producers and in the era of BSE and other new and old animal and plant disease problems brought on by globalization, including soybean rust and Avian Bird Flu, labeling is imperative.

CONCLUSION

What is the purpose of an all-encompassing Farm Bill? We need to, as a nation, continue to have a system of food security, both in terms of adequate supplies and unquestioned safety. Farmers Union maintains that effective farm policy is as vital to all our citizens as it is to farmers and ranchers. We want to keep our farmers on the land; we do not want to become dependent on foreign nations for our food supply. Global markets should not be our top priority. We cannot continue in the direction of our current free trade policies allowing more food to enter our country than we're exporting. This will not improve U.S. producer income; nor will it help family farmers around the globe.

Thank you for coming to Wisconsin, Mr. Secretary. At the end of the day, what matters most in this next Farm Bill is whether it is good for net farm income to our family farmers. If family farmers prosper, then our rural communities, our state, and our nation will prosper.

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